

Mr. Proctor *[Signature]*
Mr. *W* *sh* (information)

MEMORANDUM FOR:

is soliciting yours and Maurice Ernst's views on a proposed fascinating "estimative essay" on the political implications of expanded economic dealings with the USSR.

I understand that you are meeting with Ernst, and on this at 1430 hours today.

*File. No USSR
AER*

14 February 1974
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

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Office of the Director of Central Intelligence

13 February 1974

MEMORANDUM

SUBJECT: Request for another paper on Transfer of
Technology to the USSR

1. John Armitage, the senior Soviet official in State/EUR, has twice raised with me the question of a paper stating CIA views and conclusions about the political implications of expanded economic dealings with the USSR. Hal Sonnenfeldt has also indicated to me an interest in further work on this subject. Today [redacted] and I met with Milton Kovner of EUR/SOV to try to clarify the question. Kovner said that the two recent OER papers on this subject had been widely, attentively, and appreciatively read in the Department. He now wanted us to go on from there.

2. The elements of the situation are as follows: In the development of Soviet-American relations under detente, economic ties have outrun those in other areas. This has generated opposition, most visibly in the Congress. People want to know not only how much help the USSR will get from technological transfer (the previous papers answered this), but how the Soviets view the same question. Do they have higher expectations than OER does? Will they hold to these expectations when experience begins to prove that OER is right? How important is economic need in the total Soviet rationale for detente? Will they get everything they want from us in five years and then be freed of the constraints which this need puts on their foreign policy? And more in this vein.

3. We told Kovner that his questions carried us beyond the evidential base which underlay the two previous papers and from which we usually liked to proceed, for reasons both of self respect and credibility. He acknowledged this but dwelt at length on the value which State consumers place on the informed judgments and intuitions of CIA economic analysts, even when these are not demonstrable.

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4. We broke up without having made a commitment. We firmly rebuffed a suggestion that we might write a paper which Kissinger could usefully pass to selected members of Congress in support of his policy. Kovner was clearly given to understand that, in anything we wrote, the chips would fall where they may, the paper could not be disseminated outside the Executive without our permission, and if we gave such permission we would require that no CIA attribution be used. Kovner would like such a paper to address the following questions: What are Soviet perceptions of their technological lag and their expectations for overcoming it by way of western help? How durable are these expectations likely to be in the light of the shortfalls we expect, both in acquiring and absorbing western technology? Can the Soviets, with western help, greatly increase their self-sufficiency in the next five years or so, or will the dynamic of western technological advance require them to go on with this policy indefinitely? Is their broad approach to foreign trade truly becoming normal, i.e., moving from autarchy to a fairly broad acceptance of international division of labor and independence? Will the experience of buying western plants and hosting large numbers of western engineers affect the habits of Soviet management? Will it have other ameliorating socio-political effects? How important is the economic factor in Soviet detente policy anyway? And, among the range of possible western partners, how important is the US (leverage)?

5. I recommend that we undertake such a paper as a unilateral CIA effort. We should be aware of the pitfalls and of possible political misuse, but the questions are themselves legitimate and fall directly into the realm of policy support. As a framework, our paper should adduce the non-economic reasons for detente. It should reference our two previous papers and make clear that we were going beyond the evidential base to make judgments much more intuitive and less demonstrable than those reached in those papers. Dissemination should be limited and perhaps kept within the State Department.

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TRANSMITTAL SLIP		DATE
TO: <i>Ed Proctor</i>		
ROOM NO.	BUILDING	
REMARKS: <i>Hope you + Maurice will agree with this. Mostly an estimative essay, with no new research</i>		
<div style="border: 1px solid black; height: 50px; width: 100%;"></div>		
FROM		
ROOM	EXTENSION	
FORM NO. 1 FEB 5	136-8 USED.	(47)

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